United Nations A/57/252

General Assembly

Distr.: General
20 September 2002

Original: English

Fifty-seventh session

Allocation of agenda items for the fifty-seventh session of the General Assembly

Adopted by the General Assembly at its 19th plenary meeting, on 20 September 2002

02-59796 (E) 200902

Plenary meetings

1. Opening of the session by the President of the General Assembly (item 1).
2. Minute of silent prayer or meditation (item 2).
3. Credentials of representatives to the fifty-seventh session of the General Assembly (item 3):
   (a) Appointment of the members of the Credentials Committee;
   (b) Report of the Credentials Committee.
4. Election of the President of the General Assembly (item 4).
5. Election of the Vice-Presidents of the General Assembly (item 6).
6. Notification by the Secretary-General under Article 12, paragraph 2, of the Charter of the United Nations (item 7).
7. Adoption of the agenda and organization of work: reports of the General Committee (item 8).
8. General debate (item 9).
9. Report of the Secretary-General on the work of the Organization (item 10).
10. Report of the Security Council (item 11).
11. Report of the Economic and Social Council (item 12).[1]
12. Report of the International Court of Justice (item 13).
13. Report of the International Atomic Energy Agency (item 14).[2]
14. Elections to fill vacancies in principal organs (item 15):
   (a) Election of five non-permanent members of the Security Council;
   (b) Election of eighteen members of the Economic and Social Council;
   (c) Election of a member of the International Court of Justice.
15. Elections to fill vacancies in subsidiary organs and other elections: election of twenty members of the Committee for Programme and Coordination (item 16).

---

[1] The General Assembly decided that the chapters of the report of the Economic and Social Council listed below would be referred to Main Committees as follows:

(a)	Chapters I, VII (sections B and C) and IX	Second, Third and Fifth Committees
(b)	Chapters II, IV and VII (sections E to H)	Second Committee
(c)	Chapters III, V and VII (section A)	Second and Third Committees
(d)	Chapter VII (section D)	Special Political and Decolonization Committee (Fourth Committee) and Second Committee
(e)	Chapter VII (section I)	Third Committee

[2] The General Assembly decided that some portions of the annual report of the International Atomic Energy Agency (A/57/278) which deal with the subject matter of item 66 would be drawn to the attention of the First Committee in connection with its consideration of item 66.

16. Appointments to fill vacancies in subsidiary organs and other appointments (item 17):[3]

    (f) Appointment of a member of the Joint Inspection Unit;

    (g) Appointment of members of the Committee on Conferences;

    (h) Confirmation of the appointment of the Secretary-General of the United Nations Conference on Trade and Development;

    (i) Confirmation of the appointment of the Administrator of the United Nations Development Programme.

17. Election of judges of the International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994 (item 18).

18. Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples (item 19).[4]

19. Admission of new Members to the United Nations (item 20).

20. Strengthening of the coordination of humanitarian and disaster relief assistance of the United Nations, including special economic assistance (item 21):

    (a) Strengthening of the coordination of emergency humanitarian assistance of the United Nations;

    (b) Special economic assistance to individual countries or regions;

    (c) Assistance to the Palestinian people;

    (d) Emergency international assistance for peace, normalcy and reconstruction of war-stricken Afghanistan.

21. Cooperation between the United Nations and regional and other organizations (item 22):[5]

    (a) Cooperation between the United Nations and the Asian-African Legal Consultative Organization;

    (b) Cooperation between the United Nations and the Black Sea Economic Cooperation Organization;

    (c) Cooperation between the United Nations and the Caribbean Community;

    (d) Cooperation between the United Nations and the Council of Europe;

---

[3] For sub-items (a) to (e) and (j), see "Fifth Committee", entry 44.

[4] The General Assembly decided to refer to the Special Political and Decolonization Committee (Fourth Committee) chapters of the report of the Special Committee (A/57/23) relating to specific Territories so that the Assembly might deal in plenary meeting with the question of the implementation of the Declaration as a whole.

[5] Pursuant to resolution 55/285 of 7 September 2001, the General Assembly will hold a joint debate on item 22 and its sub-items, during which all or some aspects of cooperation between the United Nations and regional and other organizations may be addressed.

(e) Cooperation between the United Nations and the Economic Community of Central African States;

(f) Cooperation between the United Nations and the Economic Cooperation Organization;

(g) Cooperation between the United Nations and the International Organization of la Francophonie;

(h) Cooperation between the United Nations and the Inter-Parliamentary Union;[6]

(i) Cooperation between the United Nations and the Latin American Economic System;

(j) Cooperation between the United Nations and the League of Arab States;

(k) Cooperation between the United Nations and the Organization for the Prohibition of Chemical Weapons;

(l) Cooperation between the United Nations and the Organization for Security and Cooperation in Europe;

(m) Cooperation between the United Nations and the African Union;

(n) Cooperation between the United Nations and the Organization of American States;

(o) Cooperation between the United Nations and the Organization of the Islamic Conference;

(p) Cooperation between the United Nations and the Pacific Islands Forum;

(q) Cooperation between the United Nations and the Preparatory Commission for the Comprehensive Nuclear-Test-Ban Treaty Organization;

(r) Cooperation between the United Nations and the Southern African Development Community.

22. United Nations Year for Cultural Heritage (item 23).[7]

23. Culture of peace (item 24).

24. Oceans and the law of the sea (item 25):[8]

(a) Oceans and the law of the sea;

(b) Large-scale pelagic drift-net fishing, unauthorized fishing in zones of national jurisdiction and on the high seas/illegal, unreported and

[6] The General Assembly decided to allocate item 22 (h) also to the Sixth Committee.

[7] In accordance with resolution 56/8 of 21 November 2001, the General Assembly will devote one day of plenary meetings at the fifty-seventh session, on 4 December 2002, to mark the end of the United Nations Year for Cultural Heritage.

[8] In accordance with resolution 56/12 of 28 November 2001, the General Assembly will devote two days of plenary meetings at the fifty-seventh session, on 9 and 10 December 2002, to the consideration of the item entitled "Oceans and the law of the sea" and the commemoration of the twentieth anniversary of the opening for signature of the United Nations Convention on the Law of the Sea.

unregulated fishing, fisheries by-catch and discards, and other developments;

(c) Agreement for the Implementation of the Provisions of the United Nations Convention on the Law of the Sea of 10 December 1982 relating to the Conservation and Management of Straddling Fish Stocks and Highly Migratory Fish Stocks.

25. Necessity of ending the economic, commercial and financial embargo imposed by the United States of America against Cuba (item 26).

26. The role of diamonds in fuelling conflict (item 27).

27. Assistance in mine action (item 28).

28. 2001-2010: Decade to Roll Back Malaria in Developing Countries, particularly in Africa (item 29).

29. The role of the United Nations in promoting a new global human order (item 30).

30. Elimination of unilateral extraterritorial coercive economic measures as a means of political and economic compulsion (item 31).

31. Information and communication technologies for development (item 32).

32. Causes of conflict and the promotion of durable peace and sustainable development in Africa (item 33).

33. The situation in Bosnia and Herzegovina (item 34).

34. Question of Palestine (item 35).

35. The situation in the Middle East (item 36).

36. The situation in Afghanistan and its implications for international peace and security (item 37).

37. The situation in Central America: procedures for the establishment of a firm and lasting peace and progress in fashioning a region of peace, freedom, democracy and development (item 38).

38. Question of the Falkland Islands (Malvinas) (item 39).[9]

39. Question of equitable representation on and increase in the membership of the Security Council and related matters (item 40).

40. Final review and appraisal of the implementation of the United Nations New Agenda for the Development of Africa in the 1990s (item 41):[10]

(a) Final review and appraisal of the implementation of the United Nations New Agenda for the Development of Africa in the 1990s;

---

[9] The General Assembly decided to consider item 39 directly in plenary meeting on the understanding that bodies and individuals having an interest in the question would be heard in the Special Political and Decolonization Committee (Fourth Committee) in conjunction with the consideration of the item in plenary meeting.

[10] Pursuant to resolution 56/218 of 21 December 2001, the General Assembly held a high-level plenary meeting of the Assembly on 16 September 2002 to consider how to support the New Partnership for Africa's Development.

(b) Implementation of the programme for the Second Industrial Development Decade for Africa.

41. Follow-up to the outcome of the twenty-sixth special session: implementation of the Declaration of Commitment on HIV/AIDS (item 42).

42. Follow-up to the outcome of the Millennium Summit (item 44).

43. Report of the International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991 (item 45).

44. Report of the International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994 (item 46).

45. Declaration of the Assembly of Heads of State and Government of the Organization of African Unity on the aerial and naval military attack against the Socialist People's Libyan Arab Jamahiriya by the present United States Administration in April 1986 (item 47).

46. Armed Israeli aggression against the Iraqi nuclear installations and its grave consequences for the established international system concerning the peaceful uses of nuclear energy, the non-proliferation of nuclear weapons and international peace and security (item 48).

47. Consequences of the Iraqi occupation of and aggression against Kuwait (item 49).

48. Implementation of the resolutions of the United Nations (item 50).

49. Launching of global negotiations on international economic cooperation for development (item 51).

50. Strengthening of the United Nations system (item 52).

51. Revitalization of the work of the General Assembly (item 53).

52. Armed aggression against the Democratic Republic of the Congo (item 55).

53. Peace, security and reunification on the Korean peninsula (item 56).

54. Social development, including questions relating to the world social situation and to youth, ageing, disabled persons and the family (item 98).[11]

[11] In accordance with resolution 56/38 of 5 December 2001 and decision 56/473 of 27 June 2002, the General Assembly will devote two plenary meetings at the fifty-seventh session, on 26 November 2002, to the outcome of the International Year of Volunteers and its follow-up.

First Committee

1. Reduction of military budgets (item 57).
2. Prohibition of the development and manufacture of new types of weapons of mass destruction and new systems of such weapons: report of the Conference on Disarmament (item 58).
3. Question of Antarctica (item 59).
4. Maintenance of international security — good-neighbourliness, stability and development in South-Eastern Europe (item 60).
5. Developments in the field of information and telecommunications in the context of international security (item 61).
6. Role of science and technology in the context of international security and disarmament (item 62).
7. Establishment of a nuclear-weapon-free zone in the region of the Middle East (item 63).
8. Conclusion of effective international arrangements to assure non-nuclear-weapon States against the use or threat of use of nuclear weapons (item 64).
9. Prevention of an arms race in outer space (item 65).
10. General and complete disarmament (item 66):[2]
    (a) Notification of nuclear tests;
    (b) Towards a nuclear-weapon-free world: the need for a new agenda;
    (c) United Nations study on disarmament and non-proliferation education;
    (d) Measures to uphold the authority of the 1925 Geneva Protocol;
    (e) Mongolia's international security and nuclear-weapon-free status;
    (f) Preservation of and compliance with the Treaty on the Limitation of Anti-Ballistic Missile Systems;
    (g) Missiles;
    (h) Reducing nuclear danger;
    (i) Convening of the fourth special session of the General Assembly devoted to disarmament;
    (j) Relationship between disarmament and development;
    (k) Observance of environmental norms in the drafting and implementation of agreements on disarmament and arms control;
    (l) Nuclear-weapon-free southern hemisphere and adjacent areas;
    (m) Regional disarmament;
    (n) Conventional arms control at the regional and subregional levels;
    (o) Implementation of the Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on Their Destruction;

(p) Implementation of the Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-personnel Mines and on Their Destruction;

(q) Consolidation of peace through practical disarmament measures;

(r) Transparency in armaments;

(s) Nuclear disarmament;

(t) Follow-up to the advisory opinion of the International Court of Justice on the *Legality of the Threat or Use of Nuclear Weapons*;

(u) Assistance to States for curbing the illicit traffic in small arms and collecting them;

(v) The illicit trade in small arms and light weapons in all its aspects;

(w) Establishment of a nuclear-weapon-free zone in Central Asia;

(x) United Nations conference to identify ways of eliminating nuclear dangers in the context of nuclear disarmament.

11. Review and implementation of the Concluding Document of the Twelfth Special Session of the General Assembly (item 67):

(a) United Nations Disarmament Information Programme;

(b) United Nations disarmament fellowship, training and advisory services;

(c) Regional confidence-building measures: activities of the United Nations Standing Advisory Committee on Security Questions in Central Africa;

(d) Convention on the Prohibition of the Use of Nuclear Weapons;

(e) United Nations regional centres for peace and disarmament;

(f) United Nations Regional Centre for Peace and Disarmament in Africa;

(g) United Nations Regional Centre for Peace, Disarmament and Development in Latin America and the Caribbean;

(h) United Nations Regional Centre for Peace and Disarmament in Asia and the Pacific.

12. Review of the implementation of the recommendations and decisions adopted by the General Assembly at its tenth special session (item 68):

(a) Advisory Board on Disarmament Matters;

(b) United Nations Institute for Disarmament Research;

(c) Report of the Disarmament Commission;

(d) Report of the Conference on Disarmament.

13. The risk of nuclear proliferation in the Middle East (item 69).

14. Convention on Prohibitions or Restrictions on the Use of Certain Conventional Weapons Which May Be Deemed to Be Excessively Injurious or to Have Indiscriminate Effects (item 70).

15. Strengthening of security and cooperation in the Mediterranean region (item 71).

16. Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological (Biological) and Toxin Weapons and on Their Destruction (item 72).

17. Comprehensive Nuclear-Test-Ban Treaty (item 73).

18. Election of the officers of the Main Committees (item 5).[12]

[12] The General Assembly decided to allocate item 5 to each of the Main Committees.

Special Political and Decolonization Committee (Fourth Committee)

1. Effects of atomic radiation (item 74).
2. International cooperation in the peaceful uses of outer space (item 75).
3. United Nations Relief and Works Agency for Palestine Refugees in the Near East (item 76).
4. Report of the Special Committee to Investigate Israeli Practices Affecting the Human Rights of the Palestinian People and Other Arabs of the Occupied Territories (item 77).
5. Comprehensive review of the whole question of peacekeeping operations in all their aspects (item 78).
6. Questions relating to information (item 79).
7. Information from Non-Self-Governing Territories transmitted under Article 73 *e* of the Charter of the United Nations (item 80).
8. Economic and other activities which affect the interests of the peoples of the Non-Self-Governing Territories (item 81).
9. Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples by the specialized agencies and the international institutions associated with the United Nations (item 82).
10. Report of the Economic and Social Council (chapter VII, section D) (item 12).
11. Offers by Member States of study and training facilities for inhabitants of Non-Self-Governing Territories (item 83).
12. Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples (item 19).[4]
13. Question of the Falkland Islands (Malvinas) (item 39).[9]
14. Election of the officers of the Main Committees (item 5).[12]

Second Committee

1. Macroeconomic policy questions (item 84):
   (a) International trade and development;
   (b) Commodities;
   (c) Science and technology for development;
   (d) External debt crisis and development;
   (e) International financial system and development;
   (f) Preparations for the International Ministerial Meeting on Transit Transport Cooperation.
2. Sectoral policy questions (item 85):
   (a) Industrial development cooperation;
   (b) Business and development;
   (c) Preventing and combating corrupt practices and transfer of funds of illicit origin and returning such funds to the countries of origin.
3. Sustainable development and international economic cooperation (item 86):
   (a) Implementation of the Declaration on International Economic Cooperation, in particular the Revitalization of Economic Growth and Development of the Developing Countries, and implementation of the International Development Strategy for the Fourth United Nations Development Decade;
   (b) Integration of the economies in transition into the world economy;
   (c) Culture and development;
   (d) High-level dialogue on strengthening international economic cooperation for development through partnership.
4. Environment and sustainable development (item 87):
   (a) Implementation of Agenda 21 and the Programme for the Further Implementation of Agenda 21;
   (b) International Strategy for Disaster Reduction;
   (c) Protection of global climate for present and future generations of mankind;
   (d) Implementation of the United Nations Convention to Combat Desertification in Those Countries Experiencing Serious Drought and/or Desertification, particularly in Africa;
   (e) Convention on Biological Diversity;
   (f) Further implementation of the Programme of Action for the Sustainable Development of Small Island Developing States.

5. Operational activities for development (item 88).[13]

6. Implementation of the first United Nations Decade for the Eradication of Poverty (1997-2006) (item 89).

7. Training and research (item 90):

   (a) United Nations University;

   (b) United Nations Institute for Training and Research.

8. Permanent sovereignty of the Palestinian people in the Occupied Palestinian Territory, including Jerusalem, and of the Arab population in the occupied Syrian Golan over their natural resources (item 91).

9. Integrated and coordinated implementation of and follow-up to the outcomes of the major United Nations conferences and summits in the economic and social fields (item 92).

10. High-level international intergovernmental consideration of financing for development (item 93).

11. Globalization and interdependence (item 94).

12. Implementation of the outcome of the United Nations Conference on Human Settlements (Habitat II) and of the twenty-fifth special session of the General Assembly (item 95).

13. Third United Nations Conference on the Least Developed Countries (item 96).

14. Follow-up to the outcome of the special session on children (item 43).[14]

15. Report of the Economic and Social Council (chapters I to V, chapter VII, sections A to H, and chapter IX) (item 12).[15]

16. Election of the officers of the Main Committees (item 5).[12]

---

[13] The General Assembly decided that the report of the Administrator of the United Nations Development Programme on the operations, management and budget of the United Nations Development Fund for Women would be referred to the Second Committee for consideration under item 88.

[14] The General Assembly decided to allocate item 43 also to the Third Committee.

[15] The General Assembly decided that the chapters of the report listed below would be referred also to the Special Political and Decolonization Committee (Fourth Committee) and to the Third and Fifth Committees, as follows:

(a)	Chapters I, VII (sections B and C) and IX	Third and Fifth Committees
(b)	Chapters III, V and VII (section A)	Third Committee
(c)	Chapter VII (section D)	Special Political and Decolonization Committee (Fourth Committee)

Third Committee

1. Implementation of the outcome of the World Summit for Social Development and of the twenty-fourth special session of the General Assembly (item 97).
2. Social development, including questions relating to the world social situation and to youth, ageing, disabled persons and the family (item 98).[11]
3. Follow-up to the International Year of Older Persons: Second World Assembly on Ageing (item 99).
4. Crime prevention and criminal justice (item 100).
5. International drug control (item 101).
6. Advancement of women (item 102).[13]
7. Implementation of the outcome of the Fourth World Conference on Women and of the twenty-third special session of the General Assembly, entitled "Women 2000: gender equality, development and peace for the twenty-first century" (item 103).
8. Report of the United Nations High Commissioner for Refugees, questions relating to refugees, returnees and displaced persons and humanitarian questions (item 104).
9. Promotion and protection of the rights of children (item 105).
10. Programme of activities of the International Decade of the World's Indigenous People (item 106).
11. Elimination of racism and racial discrimination (item 107):
    (a) Elimination of racism and racial discrimination;
    (b) Comprehensive implementation of and follow-up to the Durban Declaration and Programme of Action.
12. Right of peoples to self-determination (item 108).
13. Human rights questions (item 109):
    (a) Implementation of human rights instruments;
    (b) Human rights questions, including alternative approaches for improving the effective enjoyment of human rights and fundamental freedoms;
    (c) Human rights situations and reports of special rapporteurs and representatives;
    (d) Comprehensive implementation of and follow-up to the Vienna Declaration and Programme of Action;
    (e) Report of the United Nations High Commissioner for Human Rights.
14. Follow-up to the outcome of the special session on children (item 43).[16]

[16] The General Assembly decided to allocate item 43 also to the Second Committee.

15. Report of the Economic and Social Council (chapters I, III and V, chapter VII, sections A to C and I, and chapter IX) (item 12).[17]

16. Election of the officers of the Main Committees (item 5).[12]

[17] The General Assembly decided that the chapters of the report listed below would be referred also to the Second and Fifth Committees, as follows:

(a)	Chapters I, VII (sections B and C) and IX	Second and Fifth Committees
(b)	Chapters III, V and VII (section A)	Second Committee

Fifth Committee

1. Financial reports and audited financial statements, and reports of the Board of Auditors (item 110):

   (a) United Nations;

   (b) United Nations Development Programme;

   (c) United Nations Children's Fund;

   (d) United Nations Relief and Works Agency for Palestine Refugees in the Near East;

   (e) United Nations Institute for Training and Research;

   (f) Voluntary funds administered by the United Nations High Commissioner for Refugees;

   (g) Fund of the United Nations Environment Programme;

   (h) United Nations Population Fund;

   (i) United Nations Habitat and Human Settlements Foundation;

   (j) Fund of the United Nations International Drug Control Programme;

   (k) United Nations Office for Project Services;

   (l) International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991;

   (m) International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994.

2. Review of the efficiency of the administrative and financial functioning of the United Nations (item 111).

3. Programme budget for the biennium 2002-2003 (item 112).

4. Programme planning (item 113).

5. Improving the financial situation of the United Nations (item 114).

6. Administrative and budgetary coordination of the United Nations with the specialized agencies and the International Atomic Energy Agency (item 115).

7. Pattern of conferences (item 116).

8. Scale of assessments for the apportionment of the expenses of the United Nations (item 117).

9. Human resources management (item 118).

10. Joint Inspection Unit (item 119).

11. United Nations common system (item 120).

12. United Nations pension system (item 121).

13. Report of the Secretary-General on the activities of the Office of Internal Oversight Services (item 122).

14. Administration of justice at the United Nations (item 123).

15. Financing of the International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991 (item 124).

16. Financing of the International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994 (item 125).

17. Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations (item 126).

18. Financing of the United Nations peacekeeping forces in the Middle East (item 127):

    (a) United Nations Disengagement Observer Force;

    (b) United Nations Interim Force in Lebanon.

19. Financing of the United Nations Interim Administration Mission in Kosovo (item 128).

20. Financing of the United Nations Transitional Administration in East Timor and the United Nations Mission of Support in East Timor (item 129).

21. Financing of the United Nations Mission in Ethiopia and Eritrea (item 130).

22. Financing of the United Nations Angola Verification Mission and the United Nations Observer Mission in Angola (item 131).

23. Financing of the activities arising from Security Council resolution 687 (1991) (item 132):

    (a) United Nations Iraq-Kuwait Observation Mission;

    (b) Other activities.

24. Financing of the United Nations Mission in East Timor (item 133).

25. Financing of the United Nations Mission in Sierra Leone (item 134).

26. Financing of the United Nations Mission for the Referendum in Western Sahara (item 135).

27. Financing of the United Nations Mission of Observers in Tajikistan (item 136).

28. Financing of the United Nations Preventive Deployment Force (item 137).

29. Financing and liquidation of the United Nations Transitional Authority in Cambodia (item 138).

30. Financing of the United Nations Protection Force, the United Nations Confidence Restoration Operation in Croatia, the United Nations Preventive Deployment Force and the United Nations Peace Forces headquarters (item 139).

31. Financing of the United Nations Operation in Somalia II (item 140).

32. Financing of the United Nations Operation in Mozambique (item 141).

33. Financing of the United Nations Peacekeeping Force in Cyprus (item 142).

34. Financing of the United Nations Observer Mission in Georgia (item 143).

35. Financing of the United Nations Mission in Haiti (item 144).

36. Financing of the United Nations Observer Mission in Liberia (item 145).

37. Financing of the United Nations Assistance Mission for Rwanda (item 146).

38. Financing of the United Nations Mission in Bosnia and Herzegovina (item 147).

39. Financing of the United Nations Transitional Administration for Eastern Slavonia, Baranja and Western Sirmium and the Civilian Police Support Group (item 148).

40. Financing of the United Nations Support Mission in Haiti, the United Nations Transition Mission in Haiti and the United Nations Civilian Police Mission in Haiti (item 149).

41. Financing of the United Nations Mission in the Central African Republic (item 150).

42. Financing of the United Nations Organization Mission in the Democratic Republic of the Congo (item 151).

43. Report of the Economic and Social Council (chapter I, chapter VII, sections B and C, and chapter IX) (item 12)[18]

44. Appointments to fill vacancies in subsidiary organs and other appointments (item 17):[19]

    (a) Appointment of members of the Advisory Committee on Administrative and Budgetary Questions;

    (b) Appointment of members of the Committee on Contributions;

    (c) Confirmation of the appointment of members of the Investments Committee;

    (d) Appointment of members of the United Nations Administrative Tribunal;

    (e) International Civil Service Commission:

        (i) Appointment of members of the Commission;

[18] The General Assembly decided that the chapters of the report listed below would be referred also to the Second and Third Committees, as follows: chapters I, VII (sections B and C) and IX: Second and Third Committees.

[19] For sub-items (f) to (i), see "Plenary meetings", entry 16.

(ii) Designation of the Chairman and the Vice-Chairman of the Commission;

(j) Appointment of a member of the United Nations Staff Pension Committee.

45. Election of the officers of the Main Committees (item 5).[12]

Sixth Committee

1. Status of the Protocols Additional to the Geneva Conventions of 1949 and relating to the protection of victims of armed conflicts (item 152).

2. Consideration of effective measures to enhance the protection, security and safety of diplomatic and consular missions and representatives (item 153).

3. Convention on jurisdictional immunities of States and their property (item 154).

4. Report of the United Nations Commission on International Trade Law on the work of its thirty-fifth session (item 155).

5. Report of the International Law Commission on the work of its fifty-fourth session (item 156).

6. Report of the Committee on Relations with the Host Country (item 157).

7. Establishment of the International Criminal Court (item 158).

8. Report of the Special Committee on the Charter of the United Nations and on the Strengthening of the Role of the Organization (item 159).

9. Measures to eliminate international terrorism (item 160).

10. Scope of legal protection under the Convention on the Safety of United Nations and Associated Personnel (item 161).

11. International convention against the reproductive cloning of human beings (item 162).

12. Observer status for the International Institute for Democracy and Electoral Assistance in the General Assembly (item 163).

13. Observer status for Partners in Population and Development in the General Assembly (item 164).

14. Observer status for the Asian Development Bank in the General Assembly (item 165).

15. Observer status for the International Centre for Migration Policy Development in the General Assembly (item 166).

16. Cooperation between the United Nations and regional and other organizations (item 22):

    (h) Cooperation between the United Nations and the Inter-Parliamentary Union.[6]

17. Election of the officers of the Main Committees (item 5).[12]

United Nations A/57/252/Corr.1

General Assembly

Distr.: General
26 September 2002

Original: English

Fifty-seventh session

Allocation of agenda items for the fifty-seventh session of the General Assembly

Adopted by the General Assembly at its 19th plenary meeting, on 20 September 2002

Corrigendum

Page 2, Plenary meetings, entry 14 (c)

The entry *should read*

(c) Election of five members of the International Court of Justice.

02-60620 (E) 260902

United Nations A/57/252/Add.1

General Assembly

Distr.: General
7 October 2002

Original: English

Fifty-seventh session

Allocation of agenda items for the fifty-seventh session of the General Assembly

Addendum

At its 24th plenary meeting, on 7 October 2002, the General Assembly, on the recommendation of the General Committee (A/57/250/Add.1), decided to add to the list of items to be considered directly in plenary meeting the following sub-item as sub-item (s) of agenda item 22 (Cooperation between the United Nations and regional and other organizations):

(s) Cooperation between the United Nations and the Association of South-East Asian Nations.

02-62279 (E) 071002

United Nations A/57/253

General Assembly

Distr.: General
23 July 2002

Original: English

Fifty-seventh session
Item 86 (d) of the provisional agenda*
Macroeconomic policy questions: external debt crisis and development

External debt crisis and development

Report of the Secretary-General**

Contents

		Paragraphs	Page
I.	Introduction	1	2
II.	External debt situation of the developing countries	2–5	2
III.	Official debt	6–34	2
	A. Recent developments and outstanding issues under the Heavily Indebted Poor Countries (HIPC) Initiative	6–25	2
	B. Recent Paris Club contributions to the implementation of the enhanced HIPC Initiative	26–30	6
	C. Other recent renegotiations of official debt	31–34	6
IV.	Debt owed to private creditors	35–42	7
	A. Private capital flows to developing countries and the restructuring of commercial debt	35–39	7
	B. Financial crises in emerging-market economies	40–42	7
V.	Policy conclusions	43–53	8
Table			
	External debt of developing countries and countries in transition		12

* A/57/150.

** Given the request of the General Assembly in resolution A/56/184 that the present report should consider the outcome of the International Conference on Financing for Development, this document was submitted on 23 July 2002.

02-50365 (E) 190902

I. Introduction

1. The General Assembly, in its resolution A/56/184 of 21 December 2001, requested the Secretary-General to report to it at its fifty-seventh session on the external debt crisis and development, bearing in mind, inter alia, the outcome of the International Conference on Financing for Development (Monterrey, Mexico, 18-22 March 2002). In response to that request, the present report considers issues that deserve consideration in the light of the outcome of the Monterrey Conference, and the relationship between external debt and efforts at the national and international levels to attain the millennium development goals. After presentation of recent developments in the external debt situation of the developing countries and economies in transition, section III deals with debt owed to official creditors, giving particular attention to outstanding issues in the implementation of the Heavily Indebted Poor Countries (HIPC) Initiative. Section IV discusses recent developments regarding obligations of developing countries to private creditors. The report concludes with policy recommendations to enhance international cooperation towards a durable solution to the external debt problems of developing countries.

II. External debt situation of the developing countries

2. Overall, the external debt situation of the developing countries at the end of 2001 showed some improvement compared to 2000. Despite the slowdown in the world economy, all debt indicators for the developing countries and economies in transition as a group showed a slight improvement.[1] Yet many countries, particularly in sub-Saharan Africa, still carry very high external debt burdens relative to their gross national product (GNP) and continue to face important debt-servicing problems that absorb foreign exchange and reduce budgetary flexibility to stimulate growth in the face of weak global demand and to meet the millennium development goals.

3. The total stock of debt of developing countries and economies in transition at the end of 2001 was estimated at $2,442 billion or 38.2 per cent of their gross national income. Long-term debt fell by 2.4 per cent and short-term debt by 3 per cent. At the same time, however, the use of International Monetary Fund (IMF) credit rose by 16 per cent compared to the previous year (see table below). The amount of total paid debt service fell from $399 billion in 2000 to $382 billion in 2001, while arrears on interest and principal payments were reduced from $33 to $31 billion.

4. Within this general picture some developing regions registered deteriorations in some debt indicators. In sub-Saharan Africa, debt service rose as a ratio of both gross national income and exports of goods and services. This deterioration reflects the worsened external environment facing many African debtor countries: falling commodity prices, worsening terms of trade, lower export earnings, and a rise in debt-service payments by almost 18 per cent, despite a reduction in the total stock of debt. Sub-Saharan Africa, the location of most HIPCs, continues to have the highest relative debt burden. Its ratio of external debt to gross national income remains above 70 per cent and exceeds 100 per cent when South Africa is excluded. Latin America is the only region where the stock of total debt increased in 2001 in absolute terms, as well as in relation to gross national income, and where international reserves fell. In the East Asia and Pacific region and in the group of developing and transition economies of Europe and Central Asia, debt service increased as a percentage of exports compared to 2000, but remained below levels of the late 1990s.

5. The general trends in the structure of developing country debt discussed in the Secretary-General's report to the General Assembly at its forty-sixth session (A/46/415) were confirmed in 2001. Private creditors account for almost 60 per cent of the total developing country debt, and more than two thirds of the total debt of the middle-income countries.

III. Official debt

A. Recent developments and outstanding issues under the Heavily Indebted Poor Countries (HIPC) Initiative

1. Debt relief and poverty alleviation

6. The Monterrey Consensus underlined that the enhanced HIPC Initiative provided an opportunity to strengthen the economic prospects and poverty reduction efforts of its beneficiary countries. But it also pointed to elements in its implementation that needed to be addressed to ensure its success: speedy implementation, additional resources, and appropriate

sustainability assessments.[2] It noted with respect to the latter issue: "Future reviews of debt sustainability should also bear in mind the impact of debt relief on progress towards the achievement of the development goals contained in the Millennium Declaration".[3] The importance of continued flexibility with regard to the eligibility criteria was also stressed.

2. Pace of implementation and conditionality

7. Since mid-2001, Ethiopia, Sierra Leone and Ghana have reached the Decision Point. As of July 2002, a total of 26 of the 42 HIPCs had become, in principle, eligible for interim relief. However, since interim relief is conditional on implementation of macroeconomic and structural policy reform programmes, IMF has partially withheld relief for several countries.[4] Only Uganda, Bolivia, the United Republic of Tanzania, Mozambique, Burkina Faso and Mauritania had reached the Completion Point by July 2002, and progress has continued to be slower than expected. Despite the introduction of "floating" Completion Points speedy implementation continues to be hampered by the difficulties that heavily indebted countries encounter in meeting the requirements before and after reaching the Decision Point.

8. The problems of implementation are described in a recent report to the Development Committee.[5] A main reason given for the slow pace of implementation is that a large number of countries have been unable "to stay on track with their macroeconomic and structural reform programmes". But the problems are also related to Fund and Bank conditionality itself. Previous reports of the Secretary-General on the external debt situation of the developing countries have drawn attention to the difficulties of many HIPCs in complying with conditionality, which in many cases exceeds their institutional and administrative capacity.[6]

9. As a prerequisite for debt reduction, every HIPC has to prepare a Poverty Reduction Strategy Paper (PRSP). Typically, such papers cover policy areas that are expected to have a direct bearing on poverty, such as health and education, but also contain policy elements that are very similar to those of macroeconomic and structural adjustment programmes implemented in many low-income countries, especially in Africa, over the past two decades.[7]

10. An important issue in the new emphasis on poverty is how to reconcile ownership with conditionality. The original rationale for conditionality was to protect the financial integrity of the Bretton Woods institutions and to preserve the revolving character of their resources. But as those institutions expanded operations in developing countries their conditionality became tighter and more complex, encompassing areas that were within the purview not only of other international organizations but also of national economic and social development strategies, such as restructuring and privatization of public enterprises, deregulation of markets, trade regimes, prices and marketing policies, the financial sector, and the agricultural and energy sectors. More recently, conditionality has also come to be related to issues of political and economic governance. In 1999, the number of conditions attached to IMF and World Bank support to 13 HIPCs averaged 110 per country, of which 77 were governance related.[8] With the rise in the number of structural conditions the degree of compliance with programmes declined dramatically in the 1990s.[9] Both the International Monetary and Financial Committee and the Managing Director of IMF have expressed concerns about excessive and intrusive conditionality.[10]

11. Although the Bretton Woods institutions have recently increased their efforts to streamline conditionality, progress achieved in this regard has been slow and has not led to acceleration in countries' reaching their Completion Points. HIPC Finance Ministers have recently called for a more dramatic streamlining of conditionality and for judging compliance with conditions against overall trends and efforts rather than individual performance criteria.[11] With a view to allowing HIPCs to define alternative paths to poverty reduction in a context of growth, HIPC Finance Ministers have drawn attention to some elements of macroeconomic conditionality that appear to focus on reducing inflation at the expense of growth and employment. It has therefore been suggested that efforts to design more flexible growth-oriented macroeconomic frameworks be accelerated.

3. Debt sustainability analysis and the scale of debt relief

12. In the HIPC framework, the main indicator for debt sustainability is the 150 per cent threshold ratio of debt to exports in net present value terms. For most HIPCs this ratio determines debt sustainability. Only for countries with a large export base, a 250 per cent

threshold ratio of external debt to fiscal revenue in net present value is considered.

13. Whether the level of public external debt is considered to be sustainable at the Completion Point and beyond basically depends on the assumptions underlying the projections of these variables. There is now ample evidence that the assumptions underlying sustainability assessments for a large number of HIPCs that have already advanced in the process have been unrealistic. Indeed, the question of debt sustainability has gained increased importance in the course of 2001/2002 in view of the worsening situation of the world economy.

14. For the 24 HIPCs that had reached their Decision Points by January 2002, unweighted annual average export growth from 1999 to 2001 was projected to be 9.4 per cent, whereas the actual export growth rate over the two years was only 5.4 per cent. All but six HIPCs experienced lower than projected export growth during those two years, and in Guinea-Bissau, Malawi, Nicaragua, the Niger and Uganda exports in 2001 actually fell, rather than increasing as projected. As a consequence, the World Bank's updated projections for export earnings until 2005 for the 24 countries taken together are now 13 per cent lower than the projections made at the respective Decision Points.[12]

15. Contrary to the initial projections, the average ratio of debt to exports in 2001 for the 24 countries is estimated at 277.7 per cent owing to the shortfall of export earnings growth, almost twice the levels deemed sustainable under the criteria of the Initiative. Moreover, the four countries that had already reached the Completion Point in January 2002 are estimated to have an average debt-to-export ratio of 156 per cent, i.e., higher than the benchmark for debt sustainability. According to IMF and the World Bank's own assessment, of the 20 countries which were between Decision Point and Completion Point in April 2002, Benin, Burkina Faso, Chad, Ethiopia, the Gambia, Guinea-Bissau, Malawi, Rwanda, Senegal and Zambia can no longer be expected to attain a ratio of debt to exports at Completion Point below the benchmark of 150 per cent.

16. It is argued that the failure to reach the projected levels of debt and export earnings is mainly attributable to unsatisfactory implementation of macroeconomic and structural reforms, as well as worsened external market conditions. However, it appears that even discounting the recent deterioration in the external environment, exports and growth projections have been overly optimistic when compared to longer-term trends. While in 1990-1999 average annual export growth in the 24 qualified HIPCs was 4.2 per cent, debt sustainability assessments projected annual export growth for 2000-2010 of 8.5 per cent, based on the assumption that the prices of commodities would sharply recover and remain at high levels throughout the decade. Such an assumption can hardly be justified by past trends. Indeed, in their debt sustainability outlook of April 2002 IMF and the World Bank recognize that 17 of the 24 countries relied for more than half of their export earnings on three main commodities, and that "the prices of these commodities in world markets have been on a secular downward trend".[13]

17. In this regard, as noted in paragraph 49 of the Monterrey Consensus, "The computational procedures and assumptions underlying debt sustainability analysis need to be kept under review. Debt sustainability analysis at the completion point needs to take into account any worsening global growth prospects and declining terms of trade". Paragraph 50 stressed "the need for the International Monetary Fund and the World Bank to consider any fundamental changes in countries' debt sustainability caused by natural catastrophes, severe terms of trade shocks or conflict, when making policy recommendations". The need for review of debt sustainability was also recognized at the Group of Seven (G-7) summit in June 2002, which asked IMF and the World Bank for "an assessment of the methodology for assessing the need for, and amount of, additional assistance (or topping up) at the Completion Point", and "to ensure that forecasts of debt sustainability are made on the basis of prudent and cautious assumptions about growth and exports".[14]

18. To allow Governments to sustain spending for poverty reduction purposes in line with international development targets, sustainability benchmarks should be calculated for both debt service to exports and debt service to budget revenue, and annual reassessments of debt sustainability, taking into account both external and domestic debt, should be undertaken during the period between the Decision and the Completion Point, as well as after reaching the Completion Point, and to augment debt relief whenever necessary.[15]

19. The enhanced HIPC allows for additional debt relief to be granted after a country has reached its

Decision Point in "exceptional cases where exogenous shocks have fundamentally changed the HIPCs' circumstances".[16] So far, one country, Burkina Faso, has benefited. However, for the HIPC Initiative as a whole, the mechanism to determine the amount of additional debt relief in cases where the debt sustainability threshold is exceeded at the Completion Point is not clear.

20. Estimates by IMF and the World Bank on the additional bilateral debt forgiveness required to cover the debt of HIPCs in excess of the threshold at Completion Point amount to $520 to $930 million.[17] The G-7 leaders have acknowledged the need for additional bilateral debt relief and for the provision of additional resources to the HIPC Trust Fund. At their Kananaskis summit they made a commitment to work with other donor countries and the international financial institutions to ensure that the additional financial resources resulting from new estimates of debt sustainability will be available.[18]

4. Debt relief and official development assistance

21. Given that only four countries have so far attained the United Nations aid targets, the Monterrey Consensus urged developed countries that had not already done so to make concrete efforts towards the target of 0.7 per cent of GNP as official development assistance (ODA) to developing countries and 0.15 to 0.20 per cent of GNP of developed countries to least developed countries, as reconfirmed at the Third United Nations Conference on the Least Developed Countries.[19] It encouraged donor countries to take steps to ensure that resources provided for debt relief did not detract from ODA resources intended to be available for developing countries.[20] Concerns in this regard have been expressed since the HIPC Initiative was launched, and recent developments in aid flows indeed seem to confirm such concerns.[21]

22. According to World Bank figures, nominal flows of ODA grants to HIPCs have fallen since the launching of the HIPC Initiative for 27 of the 42 HIPCs.[22] For all HIPCs together, the average annual flow was $8.2 billion in 1997-2000 compared to $9.7 billion in 1990-1996, a drop of 15.7 per cent. The situation is particularly alarming for those HIPCs that have yet to reach their Decision Point. Their average annual receipts of ODA grants were lower by 35.7 per cent in 1997-2000 compared to 1990-1996. Other developing countries did not escape the declining trend in the provision of ODA grants, but their receipts in the form of external financing fell by only 2.8 per cent during the same period.

23. The Monterrey Consensus acknowledged, in paragraph 43, that achievement of long-term debt sustainability could be helped significantly by providing official financing in the form of grants. The agreement among G-7 leaders "on the need for bilateral donors to consider financing HIPCs and HIPC 'graduates' primarily through grants for a sustained period" is an important step in that direction.[23] But it is equally important that debt relief by bilateral and multilateral donors and higher ODA grants to assure long-term debt sustainability to HIPCs will not be at the expense of other poor developing countries.

5. Participation of creditors

24. HIPC Finance Ministers have drawn attention to a problem regarding the comprehensiveness of the Initiative arising from the fact that some creditors have difficulties or are unwilling to participate fully in the Initiative.[24] Participation of these creditors is difficult to secure because the decision of IMF and the World Bank on the HIPC Initiative is not binding on creditors and the Paris Club Agreed Minutes do not create any obligations for non-Paris Club creditors.

25. The HIPC Finance Ministers' Network has suggested convening a conference of HIPCs, international financial institutions and non-Organisation for Economic Cooperation and Development (OECD) and other bilateral and multilateral creditors to agree on innovative mechanisms for debt relief, including an International Development Association (IDA) buy-back facility, HIPC Trust Fund resources and donor grants to relieve debts owed to countries that have themselves received concessional debt relief.[25] The G-7 have called upon the Bretton Woods institutions to intensify efforts in encouraging and facilitating the participation of regional and small multilateral development institutions and in encouraging the participation of non-Paris Club bilateral creditors that are members of the Fund and the Bank. Regarding commercial creditor participation, they have asked the Bank and the Fund to prepare a comprehensive report on legal action brought against HIPCs and the possibility of the provision of technical assistance to HIPCs in this context, and to encourage bilateral creditors not to sell their claims in the secondary debt market.[26]

B. Recent Paris Club contributions to the implementation of the enhanced HIPC Initiative

26. Continued implementation of the enhanced HIPC Initiative has been at the centre of Paris Club activities. During the second half of 2001 and first half of 2002, seven HIPCs concluded new agreements on debt rescheduling or restructuring; three of them at Completion Point obtained debt stock reduction under the Cologne initiative (enhanced HIPC), in principle marking an exit from Paris Club debt rescheduling. After reaching their Completion Points under the Cologne initiative in 2001, Mozambique and the United Republic of Tanzania concluded stock agreements whereby most of their pre-cut-off date non-concessional debts to Paris Club creditors are to be cancelled. Burkina Faso obtained a similar agreement on debt stock reduction in 2002. An exit stock agreement for Mauritania was scheduled for July 2002. Owing to a significant deterioration of Burkina Faso's export performance between the projections made at Decision Point and the outcome at Completion Point, creditors committed to extend further relief, including additional bilateral cancellations to help achieve the target.

27. After reaching Decision Point Rwanda and Ghana obtained flow reschedulings on Cologne terms. Ghana had already concluded an interim agreement on the restructuring of debt service payments on Naples terms in 2001. In the case of Ghana, creditors agreed to modify Ghana's cut-off date, from 1983 to 1999.

28. Sierra Leone and Côte d'Ivoire also received debt relief from the Paris Club, in support of new agreements with IMF under the Poverty Reduction and Growth Facility (PRGF). Sierra Leone obtained restructuring of debt-service payments on Naples terms, and Côte d'Ivoire on Lyon terms. Both countries are expected to receive additional relief to "top up" the debt reduction to 90 per cent according to Cologne terms as soon as they reach their HIPC Decision Points.

29. Although procedures for Paris Club restructuring of HIPCs' debts have been streamlined and simplified, agreements can still be relatively complex and implementation requires — as under other Paris Club agreements — bilateral negotiations claiming substantial technical capacity in the countries concerned. A number of creditor countries are offering debt relief on a bilateral basis in addition to the debt relief extended in the framework of the Paris Club. This means that HIPCs can expect further write-offs of their Paris Club debts. However, these measures have not so far been reflected in the Paris Club agreements, which in this sense represent a minimalist approach.

30. There is some concern among beneficiary countries that the Paris Club has not finalized agreed minutes on interim debt relief for small debtors, and that progress in concluding bilateral agreements is often very slow. Another concern is that some Paris Club creditors may exclude certain types of debt from relief, while some others may provide debt relief in ways that do not free funds for PRSP implementation by the beneficiary Government.[27]

C. Other recent renegotiations of official debt

31. Outside the HIPC framework, Paris Club creditors during 2001 and the first half of 2002 considered the cases of Indonesia, Kyrgyzstan, the Federal Republic of Yugoslavia and Pakistan, the latter two receiving landmark debt-relief agreements.

32. Stock operations in the Paris Club involving substantial debt reduction have so far been mainly reserved for the poorest debtor countries in the context of HIPC, exceptions being the agreements concluded with Egypt and Poland at the beginning of the 1990s that marked their exit from the rescheduling process. A similar agreement was concluded with the Federal Republic of Yugoslavia. The new agreement concluded in support of Pakistan's new three-year PRGF arrangement with IMF broke new ground insofar as the rescheduling applies to the whole stock of outstanding pre-cut-off date debt and involves a substantial lengthening of the repayment period, well beyond standard Houston terms.

33. In April 2002, Indonesia — like Pakistan, a low-income International Bank for Reconstruction and Development (IBRD)/IDA blend country — obtained standard Houston terms, albeit more favourable than under its previous two agreements with its official creditors following the East Asian crisis.

34. A number of transition countries have accumulated large volumes of external debt since independence and are experiencing difficulties in servicing this debt. Several have approached the Paris

Club for assistance. Kyrgyzstan concluded a rescheduling agreement on non-concessional terms broadly similar to those obtained by Georgia one year earlier.

IV. Debt owed to private creditors

A. Private capital flows to developing countries and the restructuring of commercial debt

35. Measured by the external assets of banks reporting to the Bank for International Settlements (BIS), the bank debt of developing and Eastern European countries fell by 23 per cent between 1997 and 2001, bringing the share of those countries in the total lending of banks in the BIS reporting area down from 12.2 per cent in 1997 to 7.4 per cent in 2001. This development is not only due to reduced lending by international banks, but also to the efforts of debtors, particularly in East Asia, to reduce their foreign exposure.

36. The issuance of debt securities by developing and transition economies continued the declining trend begun in 1998. Like the reduction in bank loans, the reduction in the issuance of debt securities was particularly marked in Asia. Gross issues in the region more than halved between 1997 and 2001, and net issues fell even more sharply, turning negative in 2001, as new issues were more than offset by the refinancing of maturing securities. As in the past four years, Latin America accounted for more than half of all new issues in 2001, and its share in net issues in that year exceeded 85 per cent.

37. In 2001 a number of developing countries restructured debt with private creditors via debt buy-back or swap operations.[28] In the case of three HIPCs, the United Republic of Tanzania, Yemen and Honduras, debt buy-backs were funded by official multilateral and bilateral donors.

38. Some middle-income countries also reduced their external liabilities through transactions on the secondary market for Brady bonds. Thus, Jordan was able to retire $44 million of its outstanding Brady bonds in 2001. Mexico continued its swap operations. Overall, Mexico retired more than $1.8 billion of outstanding Brady bonds between April 2001 and May 2002, so that by mid-2002 no more Brady discount bonds were outstanding.

39. Argentina had engaged in several Brady swaps to restructure debt since 1997. In 2001 such operations continued, but though the country's external debt situation was not sustainable the operations did not contain any debt relief element. In June 2001, Argentina launched the biggest-ever debt swap operation covering $30 billion of domestic and external bonds. In its swap operation, the Government of Argentina obtained an extension of maturities, but at the cost of rising interest rates.

B. Financial crises in emerging-market economies

40. Recognizing the potential benefits of external savings as a compliment to domestic savings in financing public and private investment in developing countries, the Monterrey Consensus drew attention to the need for Governments to create domestic conditions for the sustainability of such financing through "national comprehensive strategies to monitor and manage external liabilities" and "sound macroeconomic policies and public resource management". In paragraph 47, the Consensus also drew attention to the co-responsibility of creditors for the build-up of unsustainable debt positions, acknowledging that "Debtors and creditors must share the responsibility for preventing and resolving unsustainable debt situations".

41. The management of external liabilities has become more difficult in developing countries with rapid capital account liberalization that has often given rise to surges of capital inflows to emerging markets, creating exchange-rate volatility and deterioration of current account balances. A large proportion of such inflows has been unrelated to real investment and subject to sudden reversals. Recently, two emerging-market countries, Argentina and Turkey, experienced dramatic setbacks in their economic development, which were closely interrelated with their unsustainable debt situations. After several ad hoc interventions by IMF to restore market confidence and to keep adjustment programmes on track, Argentina and Turkey were both forced to float their currencies in the face of rapid outflows of capital. Both experienced deep economic crisis, although in both cases economic policy was designed as part of the programmes

supported by the Bretton Woods institutions. Argentina and Turkey had a number of features in common with crises in other emerging-market countries that used exchange-rate stabilization as the basis for adjustment programmes to combat inflation. These experiences show again that, when joined with liberalization of financial markets, the increase in capital inflows often leads to real appreciation of the currency and growing current account deficits, which require further capital inflows to meet the increasing debt service. The resulting financial vulnerability eventually gives rise to expectations of sharp currency volatility and a rapid exit of capital, resulting in overshooting of the exchange rate and hikes in interest rates. The dimension of the repercussions on other economies of the financial crises in Argentina and Turkey was not yet clear by mid-2002, but there is increasing concern that other economies, especially in Latin America, might encounter difficulties.

42. Some other countries among the so-called "Baker-15" countries of the 1980s have also seen their debt indicators deteriorate since 1997. In Brazil the deterioration has been almost as sharp as in Argentina. Although the deterioration was less pronounced in Algeria, Colombia, Ecuador and Peru, ratios of debt or debt service to exports were worse in 2000 than in the mid-1980s in these countries too.

V. Policy conclusions

43. The Monterrey Consensus confirmed the continuing relevance of the policy proposals made regarding the resolution of the debt problems of developing countries in the two previous reports of the Secretary-General (A/55/422 and A/56/262).

44. Although bilateral creditors have continued to write off official debt of several low-income countries, partly on a scale beyond the commitments made within the framework of the HIPC Initiative, and although the debate on procedures for the resolution of international debt to private creditors has advanced, much progress remains to be made towards the achievement of a lasting solution to the debt problems of different groups of developing countries. In several low- and middle-income countries, unsustainable levels of external debt continue to create a considerable barrier to economic and social development and increase the risk that the millennium goals regarding development and poverty reduction will not be attained.

45. In the light of the continuing slow speed of implementation of the HIPC Initiative, a simplification of the procedures and a review of the content of conditionality should be considered. In particular, performance criteria that are closely linked to poverty reduction targets appear more appropriate than the criteria applied in past adjustment programmes. Consideration should be given to measures that place growth at the centre of reform. Specific measures should be worked out to accelerate the development of poverty and social impact analysis and to equip countries with the necessary tools to conduct such analyses on their own, in order to avoid conflicts of interest.[29]

46. In view of the serious economic problems facing HIPCs, including low savings capacity, aid dependence, export concentration and import dependence, which have been aggravated by the worsening of the external environment, more rapid access to adequate external financing to design and set up a social safety net as well as public and private investment is necessary. As previous reports of the Secretary-General proposed, "front-loading" of debt relief from Decision Point onwards could be given serious consideration. Likewise, a moratorium on debt-service payments by all HIPCs at their Decision Point, as already imposed by some Governments of industrialized countries, also deserves further consideration.

47. The optimistic character of assumptions underlying the debt sustainability assessments is now recognized. Projections of growth and export earnings in these assessments could be rendered more realistic by taking account of past external shocks through volatility and probability analysis. Other measures to secure poverty reduction strategies that deserve careful consideration would be the creation of a safety margin to protect against future shocks and the introduction of contingency financing mechanisms. The first could be achieved if additional bilateral debt cancellations beyond Cologne terms, as pledged by some creditor Governments, were to be fully additional to debt relief under the Initiative. Contingency financing could be put in place through "floating additional tranches" in PRGF programmes that can be disbursed in the event of shocks.[30]

48. Since the success of the HIPC Initiative depends on the additionality of debt relief in comparison with overall pre-debt-relief transfers, it is essential that

donor countries increase efforts to comply with agreed ODA targets and to raise such flows to HIPCs and other poor countries. Given their low domestic savings capacity, debt relief and ODA will have a critical catalytic role in raising growth and attaining the millennium development goals.

49. A number of other low- and middle-income developing countries and economies in transition also face external public debt burdens exceeding the threshold level for sustainability in the HIPC framework. Consideration should therefore be given to greater flexibility in the eligibility criteria for debt relief, so as to improve the poverty reduction efforts undertaken in those countries. In this regard, independent assessment of debt sustainability designed to determine the required level of debt relief, not only of HIPCs, but also of other debt-distressed low- and middle-income countries, could be considered. This could also help to eliminate the need of many heavily indebted countries for repeated rescheduling which has characterized much of the Paris Club process so far.

50. The recent experience of Argentina and Turkey has shown, once again, that the management of the external debt is closely interrelated with the quality of fiscal, macroeconomic and exchange-rate management, and the capital account regime. Official bailouts linked to policies advocated to restore confidence, including fiscal and monetary tightening, failed to check capital flight and the resulting collapse of the currencies. Such bailouts are also difficult to reconcile with the rationale of free markets since it is generally agreed that market discipline will work only if creditors bear the consequences of the risks they take. Their acceptance by the international community has become more difficult given the increasing amounts of finance required. Moreover, there appears to be a lack of coherence and predictability in the international approach to crisis intervention. While Turkey was provided additional funding to meet its external obligations and avoid default, Argentina did not receive such support and had to suspend debt service at the end of 2001 when it failed to meet the conditions for continued disbursement of IMF credits.

51. The international financial system still lacks a coherent and realistic international strategy to deal with financial instability and the debt sustainability of developing countries. In the absence of such a strategy there is a risk that developing countries will return to the "muddling-through" which cost Latin America a lost decade in the 1980s, and for which the build-up to the Argentine default is yet another example. Uncertainty continues to surround the modalities of official intervention in financial crises in emerging-market economies, adding to volatility in market sentiment. It appears more necessary than ever to formulate mechanisms for the restructuring and, where necessary, write-off of international sovereign debt of developing countries owed to private creditors, based on principles similar to those that govern national bankruptcy legislation in developed countries. The introduction of orderly workout procedures could ensure that creditors and investors bear the consequences of the risks they have taken, and that the burden of crises be distributed equitably between debtors and creditors and among different classes of creditors.

52. Against these most recent experiences, the Monterrey Consensus emphasized, in paragraph 51, "the importance of putting in place a set of clear principles for the management and resolution of financial crises that provide for fair burden-sharing between public and private sectors and between debtors, creditors and investors". Although the Board of IMF has recognized that countries may find it necessary, as a last resort, to impose a unilateral standstill, it has not so far been able to provide statutory protection to debtors in the form of a stay on litigation. In view of the difficulties encountered in implementing voluntary workouts for the Argentine debt and the failure of IMF interventions to stabilize Argentina and Turkey, proposals for international bankruptcy codes and standstills have been getting a fuller hearing.

53. Temporary suspension of convertibility and standstills on external debt payments are a practical (and in some cases probably the only practical) policy option for an orderly workout of external and domestic debt and for stabilizing the exchange rate in countries facing international liquidity problems.[31] With regard to sovereign debt, standstills involve suspension of payments by Governments themselves, while on private external debt they require the imposition of temporary exchange controls, which restrict payments abroad on specified transactions, including interest payments. Further restrictions may also be needed on the capital-account transactions of both residents and non-residents. While a measure of flexibility may be necessary to accommodate the specific requirements of

different cases, an effective framework would need to involve voluntary and mandatory mechanisms. Such arrangements would need to be accompanied by the predictable provision of official financing, subject to predetermined limits, aiming primarily at helping debtor countries to maintain imports and avoid a sharp decline in economic activity, rather than maintaining open capital accounts. In general, normal access to IMF facilities, appropriately adjusted to the expansion of world output and trade, should meet such needs.

Notes

[1] This assessment is based on World Bank, *Global Development Finance 2002* (Washington, D.C., 2002).

[2] See *Report of the International Conference on Financing for Development, Monterrey, Mexico, 18-22 March 2002* (United Nations publication, Sales No. E.02.II.A.7), chap. I, resolution 1, annex, paras. 49 and 50.

[3] Ibid., para. 49.

[4] See International Monetary Fund and International Development Association, *Heavily Indebted Poor Countries (HIPC) Initiative — Status of Implementation*, p. 25; and the critical comment by R. Greenhill, "Seven HIPCs currently being denied interim relief by the IMF", Jubilee Research, available from http://www.jubileeresearch.org/hipc, accessed 17 May 2002.

[5] IMF and IDA, *The Enhanced HIPC Initiative and the Achievement of Long-Term External Debt Sustainability*, prepared by the staffs of IMF and the World Bank, 15 April 2002.

[6] See A/55/422, para. 28; and A/56/262, paras. 25-27.

[7] Overseas Development Institute, Poverty Reduction Strategy Paper, Institutionalization Study: Final Report submitted to the Strategy Partnership for Africa, London, 15 October 2001, chap. 1, p. 20, and chap. 6, p. 24.

[8] See D. Kapur and R. Webb, "Governance-related conditionality of the international financial institutions", *G-24 Discussion Papers No. 6*, United Nations, New York and Geneva, August 2000, p. 6.

[9] See M. Mussa and M. Avestan, *The IMF Approach to Stabilization*, IMF Working Paper No. 104, Washington, D.C., 13 September 2000.

[10] See Communiqué of the International Monetary and Financial Committee of the Board of Governors of the International Monetary Fund, 24 September 2000, Washington, D.C., para. 11; and H. Köhler, Address to the Board of Governors, fifty-fifth annual meeting, Prague, 26 September 2000.

[11] Declaration of the Sixth HIPC Ministerial Meeting, London, 5 March 2002, p. 3, available from http://www.dri.org.uk/pdfs/Min_Meeting_March_02.pdf.

[12] IMF and IDA, *The Enhanced HIPC Initiative and the Achievement of Long-Term External Debt Sustainability*, p. 7, table 1 and appendix table 5.

[13] IMF and IDA, *The Enhanced HIPC Initiative and the Achievement of Long-Term External Debt Sustainability*, p. 21 and appendix table 1.

[14] "Delivering on the promise of the enhanced HIPC Initiative", Statement by G-7 Leaders, Kananaskis, Canada, 27 June 2002, University of Toronto Library, G-8 Information Centre.

[15] Declaration of the Sixth HIPC Ministerial Meeting, London, 5 March 2002, p. 2.

[16] IMF and IDA, *The Enhanced HIPC Initiative and the Achievement of Long-Term External Debt Sustainability*, p. 24.

[17] Idem, p. 25 and table 4.

[18] See "Delivering on the promise of the enhanced HIPC Initiative".

[19] *Report of the International Conference on Financing for Development, Monterrey, Mexico, 18-22 March 2002*, chap. I, resolution 1, annex, para. 42.

[20] Ibid., para. 51.

[21] See World Bank, *Global Development Finance 2002, Analysis and Summary Tables* (Washington, D.C., 2002), p. 106.

[22] World Bank, *Global Development Finance 2002* (Washington, D.C., 2002), CD-ROM.

[23] "Delivering on the promise of the enhanced HIPC Initiative".

[24] See Declaration of the Sixth HIPC Ministerial Meeting, London, 5 March 2002, p. 1. The issue has also been discussed in IMF and IDA, *Heavily Indebted Poor Countries (HIPC) Initiative — Status of Implementation*, p. 24.

[25] Declaration of the Sixth HIPC Ministerial Meeting, London, 5 March 2002, p. 1.

[26] See "Delivering on the promise of the enhanced HIPC Initiative".

[27] Declaration of the Sixth HIPC Ministerial Meeting, London, 5 March 2002, p. 2.

[28] For more detailed information on commercial debt restructuring, see World Bank, *Global Development Finance 2002, Analysis and Summary Tables* (Washington, D.C., 2002), appendix 2.

[29] See the Declaration of the Sixth HIPC Ministerial Meeting, London, 5 March 2002, p. 3.

[30] Idem, p. 2.

[31] This proposal was first made in the context of the debt crisis in the 1980s (UNCTAD, *Trade and Development Report, 1986* (United Nations publication, Sales No. E.86.II.D.5), annex to chap. VI), and more recently, in relation to emerging-market crises (UNCTAD, *Trade and Development Report, 1998* (United Nations publication, Sales No. E.98.II.D.6), pp. 89-93).

Table

External debt of developing countries and countries in transition

(Billions of United States dollars)

	All developing countries			*Sub-Saharan Africa*			*Middle East and North Africa*			*Latin America and the Caribbean*		
	1990	*2000*	*2001*	*1990*	*2000*	*2001*	*1990*	*2000*	*2001*	*1990*	*2000*	*2001*
Total debt stocks	1 458.4	2 490.7	2 442.1	176.9	215.8	208.9	183.5	203.8	196.6	474.7	774.4	787.1
Long-term debt	1 179.3	2 046.4	1 998.7	149.4	175.8	168.7	137.8	153.8	150.3	379.2	661.7	659.7
Public and publicly guaranteed	1 113.8	1 489.1	1 467.6	144.1	163.8	156.5	136.3	147.0	143.7	354.2	415.1	415.7
Private non-guaranteed	65.5	557.3	531.1	5.3	12.0	12.3	1.5	6.8	6.6	25.1	246.7	244.0
Short-term debt	244.4	380.0	368.6	20.9	33.3	33.8	43.9	47.4	43.9	77.2	103.8	103.5
Arrears	112.2	98.0		26.8	40.6		11.1	14.4	14.4	50.0	5.8	5.8
Interest arrears	52.7	33.3	30.8	9.3	14.3	14.2	2.9	2.7	2.7	25.6	1.7	1.7
Principal arrears	59.5	64.7	..	17.5	26.3	..	8.2	11.7	11.7	24.5	4.2	4.2
Debt service paid	163.8	398.6	381.9	10.9	12.3	14.5	24.2	24.9	23.6	45.4	179.2	156.8
Debt indicators (percentage)												
Debt service/Exports[a]	18.1	18.1	17.6	12.8	10.2	12.4	15.0	10.5	10.2	24.4	38.7	33.3
Total debt/Exports	161.0	113.3	112.2	208.3	177.9	178.8	113.9	85.5	85.4	255.4	167.2	167.0
Debt service/Gross national income	3.8	6.3	6.0	3.9	4.1	4.9	6.0	3.9	3.9	4.3	9.5	8.6
Total debt/Gross national income	34.1	39.1	38.2	63.0	71.3	70.9	45.7	31.7	32.8	44.6	40.9	43.3
Short-term/reserves	109.5	45.7	40.8	136.0	126.6	127.2	112.1	54.1	46.3	131.7	65.1	65.4
Memo item:[b]												
Total inward FDI stocks	283.7	1 473.4	..	24.2	63.3	..	48.2	82.2	..	100.5	517.4	..
Total liabilities[c]	1 742.1	3 964.1	..	201.1	254.2	..	231.7	286.0	..	575.2	1 291.8	..
Total liabilities/Gross national income (percentage)	40.8	62.2	..	71.6	141.3	..	57.7	44.4	..	54.0	68.3	..
Total liabilities/Exports (percentage)	192.3	180.3	..	236.9	307.7	..	143.8	119.9	..	309.4	279.0	..
Profit remittances on FDI	17.6	45.4	55.3	1.7	4.8	5.9	1.3	1.3	2.8	6.3	20.7	24.3
Profit remittances/Exports (percentage)	1.9	2.1	2.5	2.0	4.0	5.1	0.8	0.5	1.2	3.4	4.5	5.2

Source: World Bank, *Global Development Finance 2002* (Washington, D.C., 2002), and UNCTAD *Handbook of Statistics*, CD-ROM.

Note: Two dots mean data unavailable.

[a] Exports of goods and services.

[b] Sub-Saharan Africa excludes South Africa; Europe and Central Asia excludes Yugoslavia and Turkmenistan.

[c] Total liabilities is the sum of total debt stocks and inward foreign direct investment (FDI) stocks.

Table (concluded)

External debt of developing countries and countries in transition

(Billions of United States dollars)

	East Asia and the Pacific			*South Asia*			*Europe and Central Asia*		
	1990	*2000*	*2001*	*1990*	*2000*	*2001*	*1990*	*2000*	*2001*
Total debt stocks	274.0	633.0	604.3	129.5	164.4	159.3	219.9	499.3	485.9
Long-term debt	222.7	502.2	483.7	112.6	156.4	151.9	177.7	396.4	384.3
Public and publicly guaranteed	195.7	333.9	326.8	110.8	145.0	140.6	172.8	284.4	284.4
Private non-guaranteed	27.0	168.4	156.9	1.7	11.4	11.4	4.9	112.1	99.9
Short-term debt	49.2	108.4	107.2	12.4	6.0	5.6	40.9	81.0	74.5
Arrears	4.9	12.5	12.5	0.1	0.4	0.4	19.4	24.3	17.8
Interest arrears	1.9	5.2	5.2	0.0	0.1	0.1	13.0	9.3	6.8
Principal arrears	3.0	7.3	7.3	0.0	0.3	0.3	6.3	15.0	11.0
Debt service paid	39.8	92.7	93.8	11.4	14.5	13.8	32.1	74.9	79.4
Debt indicators (percentage)									
Debt service/Exports[a]	15.7	10.8	11.5	28.7	13.6	12.3	..	18.1	18.4
Total debt/Exports	108.4	74.0	74.2	324.7	153.7	141.5	..	120.5	112.5
Debt service/Gross national income	4.3	4.6	4.6	2.9	2.4	2.1	2.6	8.1	8.0
Total debt/Gross national income	29.8	31.2	29.4	32.4	27.0	24.5	17.8	53.9	49.2
Short-term/reserves	57.0	28.5	24.7	139.1	12.8	10.2	..	62.5	55.3
Memo item:[b]									
Total inward FDI stocks	94.0	567.5	..	4.5	33.2	..	..	156.5	..
Total liabilities[c]	368.0	1 200.5	..	134.0	197.5	..	..	643.8	..
Total liabilities/Gross national income (percentage)	40.0	59.3	..	33.5	32.5	..	..	70.4	..
Total liabilities/Exports (percentage)	145.5	140.4	..	335.9	184.7	..	..	156.5	..
Profit remittances on FDI	5.1	15.1	17.3	0.1	0.3	0.9	0.2	3.1	4.1
Profit remittances/Exports (percentage)	2.0	1.8	2.1	0.2	0.3	0.8	..	0.7	0.9

Source: World Bank, *Global Development Finance 2002* (Washington, D.C., 2002), and UNCTAD *Handbook of Statistics*, CD-ROM.

Note: Two dots mean data unavailable.

[a] Exports of goods and services.

[b] Sub-Saharan Africa excludes South Africa; Europe and Central Asia excludes Yugoslavia and Turkmenistan.

[c] Total liabilities is the sum of total debt stocks and inward FDI stocks.